

PROPOSED

SENATE AMENDMENTS TO S.B. 1171

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 45-514, Arizona Revised Statutes, is amended to
3 read:

4 45-514. Mineral extraction and metallurgical processing
5 permit; conditions for issuance; duration of permit

6 A. Except as provided in subsection D of this section, a person who
7 is engaged in or proposes to engage in the extraction and processing of
8 minerals shall be issued a permit to withdraw groundwater in the required
9 amount, if all of the following apply:

10 1. The amount of groundwater available for mineral extraction,
11 metallurgical processing and compliance with applicable environmental
12 controls under a dewatering permit is insufficient.

13 2. Uncommitted municipal and industrial central Arizona project
14 water is not available at the point where the operator's wellhead or
15 distribution system would otherwise be, at a cost which does not exceed the
16 current municipal and industrial central Arizona project delivery rates.

17 3. Other surface water of adequate quality or effluent of adequate
18 quality is not available at the point where the operator's wellhead or
19 distribution system would otherwise be, at a cost, including treatment
20 costs, which does not exceed by twenty-five percent the cost the operator
21 would otherwise incur in withdrawing groundwater.

22 4. The applicant does not own or lease type 2 non-irrigation
23 grandfathered rights originally based on withdrawals of groundwater for the
24 extraction or processing of minerals that the applicant is not using or

1 leasing and that can be used at the proposed location without imposing an
2 unreasonable economic burden on the applicant.

3 B. A permit issued pursuant to this section shall be granted for a
4 period of up to fifty years, subject to renewal under the same criteria
5 used in granting the original permit.

6 C. If, during the duration of a mineral extraction and metallurgical
7 processing permit, the director determines that uncommitted municipal and
8 industrial central Arizona project water is available or surface water of
9 adequate quality or effluent of adequate quality is available to the
10 permittee at a cost comparable to groundwater, the director may require the
11 permittee to use such water in lieu of groundwater.

12 D. Beginning January 1 of the calendar year following the year in
13 which a groundwater replenishment district is required to submit its
14 preliminary plan pursuant to section 45-576.02, subsection A, paragraph 1,
15 and except for an application to renew a mineral extraction and
16 metallurgical processing permit, on receiving a permit application the
17 director shall not issue a permit for a well in the district unless at the
18 time the application is filed:

19 1. The director has determined that the district's plan for
20 operation is consistent with achieving the management goal, according to
21 section 45-576.03, subsection E, and the designation has not expired.

22 2. The master replenishment account, as established in section
23 45-858.01, does not have a debit balance in an amount in excess of the
24 amount allowed under section 45-576.01, subsection A, paragraph 3.

25 E. If, during the duration of a mineral extraction and metallurgical
26 processing permit issued after the effective date of this amendment to this
27 section, the permittee earns long-term storage credits under section
28 45-852.01, subsection B for the storage of central Arizona project water in
29 the active management area in which the permittee has the right to withdraw
30 groundwater pursuant to the permit, and the central Arizona project water
31 qualified as water that cannot reasonably be used directly due solely to
32 the exclusion of groundwater withdrawn by the permittee for mineral

1 extraction or metallurgical processing pursuant to section 45-802.01,
2 paragraph ~~23~~ 24, subdivision (c), the director shall establish a separate
3 subaccount for those credits pursuant to section 45-852.01, subsection
4 A. After each calendar year in which the permit is in effect, the director
5 shall debit the subaccount by the amount of groundwater pumped by the
6 permittee in the active management area during that calendar year pursuant
7 to the permit, not to exceed the amount of long-term storage credits in the
8 subaccount. This subsection shall not apply to:

9 1. A mineral extraction and metallurgical processing permit issued
10 on or before the effective date of this amendment to this section,
11 including any renewal or modification of the permit.

12 2. A mineral extraction and metallurgical processing permit unless
13 the permittee was engaged in mineral extraction and metallurgical
14 processing within an initial active management area on or before January 1,
15 2011.

16 Sec. 2. Section 45-802.01, Arizona Revised Statutes, as amended by
17 Laws 2019, chapter 1, section 9, is amended to read:

18 45-802.01. Definitions

19 Unless the context otherwise requires, the terms defined in section
20 45-402 have the same meanings in this chapter and:

21 1. "Aquifer" means a geologic formation that contains sufficient
22 saturated material to be capable of storing water and transmitting water in
23 usable quantities to a well.

24 2. "Area of impact" means, as projected on the land surface, the
25 area where the stored water has migrated or is located.

26 3. "CERCLA" means the comprehensive environmental response,
27 compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat.
28 2767; 42 United States Code sections 9601 through 9657), commonly known as
29 "superfund".

1 4. "Constructed underground storage facility" means a facility that
2 meets the requirements of section 45-811.01 and that is designed and
3 constructed to store water underground pursuant to permits issued under
4 this chapter.

5 5. "District" means a groundwater replenishment district established
6 under title 48, chapter 27.

7 6. "District member" means a member of the groundwater replenishment
8 district as provided by title 48, chapter 27.

9 7. "Electrical district" means a corporate body established pursuant
10 to title 48, chapter 12.

11 8. "Existing effluent managed underground storage facility" means a
12 managed underground storage facility that meets one of the following
13 conditions:

14 (a) The facility is operated pursuant to a storage facility permit
15 that the director issued before January 1, 2019 and that authorizes the
16 storage of effluent at the facility.

17 (b) The facility is operated pursuant to a renewed or modified
18 storage facility permit that the director issued after January 1, 2019 if
19 the facility qualified as an existing effluent managed underground storage
20 facility under subdivision (a), (c) or (d) of this paragraph at any time
21 before the renewal or modification.

22 (c) The facility is operated pursuant to a permit that the director
23 issued after January 1, 2019 and that authorizes the storage of effluent at
24 a location where the permit holder was authorized to store effluent
25 pursuant to a storage facility permit that the director issued before
26 January 1, 2019.

27 (d) The facility is operated pursuant to a permit that the director
28 issued after January 1, 2019 and that authorizes the storage of effluent at
29 the facility, and the application to operate the facility was on file with
30 the director as of January 1, 2019.

1 9. "Groundwater savings facility" means a facility that meets the
2 requirements of section 45-812.01 in an active management area or an
3 irrigation non-expansion area at which groundwater withdrawals are
4 eliminated or reduced by recipients who use in lieu water on a
5 gallon-for-gallon substitute basis for groundwater that otherwise would
6 have been pumped from within that active management area or irrigation
7 non-expansion area.

8 10. "In lieu water" means water that is delivered by a storer to a
9 groundwater savings facility pursuant to permits issued under this chapter
10 and that is used in an active management area or an irrigation
11 non-expansion area by the recipient on a gallon-for-gallon substitute basis
12 for groundwater that otherwise would have been pumped from within that
13 active management area or irrigation non-expansion area.

14 11. "Long-term storage account" means an account established
15 pursuant to section 45-852.01.

16 12. "Long-term storage credit" means stored water that meets the
17 requirements of section 45-852.01 and that has been credited to a long-term
18 storage account.

19 13. "Managed underground storage facility" means a facility that
20 meets the requirements of section 45-811.01 and that is designed and
21 managed to utilize the natural channel of a stream to store water
22 underground pursuant to permits issued under this chapter through
23 artificial and controlled releases of water other than surface water
24 naturally present in the stream. Surface water flowing in its natural
25 channel is not a managed underground storage facility.

26 14. "Master replenishment account" means an account established
27 pursuant to section 45-858.01 for a groundwater replenishment district.

28 15. "Recipient" means a person who receives in lieu water for use at
29 a groundwater savings facility.

1 16. "Recoverable amount" means the amount of water, as determined by
2 the director, that will reach the aquifer through water storage.

3 17. "Replenishment" means the storage of water or use of long-term
4 storage credits by a groundwater replenishment district to fulfill its
5 duties under title 48, chapter 27, article 3, by a multi-county water
6 conservation district to fulfill its duties under title 48, chapter 22,
7 article 4 or by an active management area water district to fulfill its
8 duties under title 48, chapter 28, article 7.

9 18. "Reserve target" has the same meaning prescribed in section
10 48-3701.

11 19. "Storage facility" means a groundwater savings facility or an
12 underground storage facility.

13 20. "Stored water" means water that has been stored or saved
14 underground pursuant to a storage permit issued under this chapter.

15 21. "Storer" means the holder of a water storage permit issued
16 pursuant to section 45-831.01 or a person to whom a water storage permit
17 has been conveyed pursuant to section 45-831.01, subsection F.

18 22. "TREATED PROCESS WATER" MEANS GROUNDWATER THAT IS USED FOR A
19 NONIRRIGATION USE IN A FACILITY THAT MANUFACTURES FOOD AND BEVERAGE
20 PRODUCTS AND SUBSEQUENTLY IS TREATED AT THE SITE OF USE FOR STORAGE
21 PURSUANT TO THIS CHAPTER.

22 ~~22.~~ 23. "Underground storage facility" means a constructed
23 underground storage facility or a managed underground storage facility.

24 ~~23.~~ 24. "Water that cannot reasonably be used directly" means water
25 that the storer cannot reasonably put to a direct use during the calendar
26 year, including:

27 (a) Except as provided in subdivision (b) OR (j) OF THIS PARAGRAPH
28 or except for an agricultural improvement district as provided in
29 subdivision (d) OF THIS PARAGRAPH, if the storer is a municipal provider,
30 the amount of central Arizona project water that exceeds the amount of
31 mined groundwater withdrawn during the calendar year by the storer in the
32 active management area in which the storer's service area is located. If

1 the storer withdrew mined groundwater during a calendar year in which the
2 storer stored central Arizona project water underground pursuant to the
3 storage permit, the amount of central Arizona project water stored
4 underground during that year equal to the amount of mined groundwater
5 withdrawn from the active management area in which the storer's service
6 area is located shall not be credited to the storer's long-term storage
7 account but may be considered as being available for recovery by the storer
8 on an annual basis under section 45-851.01. In calculating the amount of
9 mined groundwater withdrawn by the storer from the active management area,
10 the director, at the request of the storer, shall exclude any groundwater
11 withdrawn, treated and delivered for direct use as part of a remedial
12 action undertaken pursuant to CERCLA or title 49, chapter 2,
13 article 5. For the purposes of this subdivision, "mined groundwater" and
14 "municipal provider" have the same meanings prescribed in section 45-561.

15 (b) If the storer is a municipal provider that has been designated
16 as having an assured water supply pursuant to section 45-576, the amount of
17 central Arizona project water that exceeds the amount of deficit
18 groundwater withdrawn during the calendar year by the storer in the active
19 management area in which the storer's service area is located. If the
20 storer withdrew deficit groundwater during a calendar year in which the
21 storer stored central Arizona project water underground pursuant to the
22 storage permit, the amount of the central Arizona project water stored
23 underground during that year equal to the amount of deficit groundwater
24 withdrawn from the active management area in which the storer's service
25 area is located shall not be credited to the storer's long-term storage
26 account but may be considered as being available for recovery by the storer
27 on an annual basis pursuant to section 45-851.01. In calculating the
28 amount of deficit groundwater withdrawn by the storer from the active
29 management area, the director, at the request of the storer, shall exclude
30 any groundwater withdrawn, treated and delivered for direct use as part of
31 a remedial action undertaken pursuant to CERCLA or title 49, chapter 2,
32 article 5. For the purposes of this subdivision, "municipal provider" has

1 the same meaning prescribed in section 45-561 and "deficit groundwater"
2 means that amount of groundwater withdrawn within an active management area
3 for delivery and use within a service area by a municipal provider in
4 excess of the amount of groundwater that may be withdrawn by the municipal
5 provider consistent with the achievement of the active management area's
6 management goals as prescribed by rules adopted by the director pursuant to
7 section 45-576.

8 (c) Except as provided in subdivision (d) **OF THIS PARAGRAPH**, if the
9 storer is not a municipal provider, the amount of central Arizona project
10 water stored in an active management area that exceeds the amount of
11 groundwater withdrawn during the calendar year by the storer in that active
12 management area. If the storer withdrew groundwater in an active
13 management area during a calendar year in which the storer stored central
14 Arizona project water underground in that active management area pursuant
15 to the storage permit, the amount of central Arizona project water stored
16 underground during that year equal to the amount of groundwater withdrawn
17 from the active management area shall not be credited to the storer's
18 long-term storage account but may be considered as being available for
19 recovery by the storer on an annual basis under section 45-851.01. For the
20 purposes of this subdivision, "municipal provider" has the same meaning
21 prescribed in section 45-561. In calculating the amount of groundwater
22 withdrawn by the storer from the active management area, the director, at
23 the request of the storer, shall exclude:

24 (i) The amount of groundwater withdrawn, treated and delivered for
25 direct use as part of a remedial action undertaken pursuant to CERCLA or
26 title 49, chapter 2, article 5.

27 (ii) The amount of groundwater withdrawn by the storer during the
28 year for mineral extraction and metallurgical processing and delivered
29 during that year for direct use to an irrigation district that is
30 established pursuant to title 48, chapter 19 and that is located in the
31 same active management area from which the amount of groundwater was
32 withdrawn to the extent that the irrigation district or its customers

1 demonstrate a reduction in the amount of groundwater that they otherwise
2 would have withdrawn during that year within the irrigation district.

3 (iii) The amount of groundwater withdrawn by the storer during the
4 year for mineral extraction or metallurgical processing if the storer was
5 engaged in mineral extraction and metallurgical processing within an
6 initial active management area on or before January 1, 2011.

7 (d) The amount of central Arizona project water stored in an active
8 management area in any year after 1994 by an agricultural improvement
9 district established pursuant to title 48, chapter 17 for use at those
10 portions of electrical generating facilities that are constructed or
11 expanded after June 12, 1980, subject to both of the following:

12 (i) If groundwater was used during a year in an active management
13 area at those portions of the electrical generating facilities that were
14 owned and operated by the agricultural improvement district and that were
15 constructed or expanded after June 12, 1980, the amount of the central
16 Arizona project water stored during that year equal to the amount of the
17 groundwater withdrawn during the year for use at those portions of the
18 facilities that were owned and operated by the agricultural improvement
19 district and that were constructed or expanded after June 12, 1980 shall
20 not be credited to the agricultural improvement district's long-term
21 storage account but may be considered as being available for recovery by
22 the agricultural improvement district on an annual basis under section
23 45-851.01.

24 (ii) Long-term storage credits accrued as a result of the storage of
25 the central Arizona project water may be recovered within the active
26 management area by the agricultural improvement district only for the
27 purpose of providing central Arizona project water to electrical generating
28 facilities that were owned and operated by the agricultural improvement
29 district and only pursuant to any water requirement included in a
30 facility's certificate of environmental compatibility. Subject to section
31 45-854.01, the long-term storage credits may be assigned by the
32 agricultural improvement district only to the owner of an electrical

1 generating facility for use pursuant to any water requirement included in
2 that facility's certificate of environmental compatibility.

3 (e) Surface water made available by dams constructed or modified
4 after August 13, 1986.

5 (f) Effluent.

6 (g) If the storage facility is in an active management area, water
7 from outside the active management area that would not have reached the
8 active management area without the efforts of the storer.

9 (h) If the storage facility is outside of an active management area,
10 water from outside the groundwater basin in which the storage facility is
11 located that would not have reached the groundwater basin without the
12 efforts of the storer.

13 (i) Water that is delivered through the central Arizona project and
14 that is acquired by the Arizona water banking authority.

15 (j) TREATED PROCESS WATER.

16 ~~24.~~ 25. "Water storage" means adding water to an aquifer or saving
17 water in an aquifer pursuant to permits issued under this chapter.

18 ~~25.~~ 26. "Water storage permit" means a permit issued pursuant to
19 section 45-831.01 to store water at a storage facility.

20 Sec. 3. Section 45-802.01, Arizona Revised Statutes, as amended by
21 Laws 2019, chapter 1, section 10, is amended to read:

22 45-802.01. Definitions

23 Unless the context otherwise requires, the terms defined in section
24 45-402 have the same meanings in this chapter and:

25 1. "Aquifer" means a geologic formation that contains sufficient
26 saturated material to be capable of storing water and transmitting water in
27 usable quantities to a well.

28 2. "Area of impact" means, as projected on the land surface, the
29 area where the stored water has migrated or is located.

1 3. "CERCLA" means the comprehensive environmental response,
2 compensation, and liability act of 1980, as amended (P.L. 96-510; 94 Stat.
3 2767; 42 United States Code sections 9601 through 9657), commonly known as
4 "superfund".

5 4. "Constructed underground storage facility" means a facility that
6 meets the requirements of section 45-811.01 and that is designed and
7 constructed to store water underground pursuant to permits issued under
8 this chapter.

9 5. "District" means a groundwater replenishment district established
10 under title 48, chapter 27.

11 6. "District member" means a member of the groundwater replenishment
12 district as provided by title 48, chapter 27.

13 7. "Electrical district" means a corporate body established pursuant
14 to title 48, chapter 12.

15 8. "Existing effluent managed underground storage facility" means a
16 managed underground storage facility that meets one of the following
17 conditions:

18 (a) The facility is operated pursuant to a storage facility permit
19 that the director issued before January 1, 2019 and that authorizes the
20 storage of effluent at the facility.

21 (b) The facility is operated pursuant to a renewed or modified
22 storage facility permit that the director issued after January 1, 2019 if
23 the facility qualified as an existing effluent managed underground storage
24 facility under subdivision (a), (c) or (d) of this paragraph at any time
25 before the renewal or modification.

26 (c) The facility is operated pursuant to a permit that the director
27 issued after January 1, 2019 and that authorizes the storage of effluent at
28 a location where the permit holder was authorized to store effluent
29 pursuant to a storage facility permit that the director issued before
30 January 1, 2019.

1 (d) The facility is operated pursuant to a permit that the director
2 issued after January 1, 2019 and that authorizes the storage of effluent at
3 the facility, and the application to operate the facility was on file with
4 the director as of January 1, 2019.

5 9. "Groundwater savings facility" means a facility that meets the
6 requirements of section 45-812.01 in an active management area or an
7 irrigation non-expansion area at which groundwater withdrawals are
8 eliminated or reduced by recipients who use in lieu water on a
9 gallon-for-gallon substitute basis for groundwater that otherwise would
10 have been pumped from within that active management area or irrigation
11 non-expansion area.

12 10. "In lieu water" means water that is delivered by a storer to a
13 groundwater savings facility pursuant to permits issued under this chapter
14 and that is used in an active management area or an irrigation
15 non-expansion area by the recipient on a gallon-for-gallon substitute basis
16 for groundwater that otherwise would have been pumped from within that
17 active management area or irrigation non-expansion area.

18 11. "Long-term storage account" means an account established
19 pursuant to section 45-852.01.

20 12. "Long-term storage credit" means stored water that meets the
21 requirements of section 45-852.01 and that has been credited to a long-term
22 storage account.

23 13. "Managed underground storage facility" means a facility that
24 meets the requirements of section 45-811.01 and that is designed and
25 managed to utilize the natural channel of a stream to store water
26 underground pursuant to permits issued under this chapter through
27 artificial and controlled releases of water other than surface water
28 naturally present in the stream. Surface water flowing in its natural
29 channel is not a managed underground storage facility.

30 14. "Master replenishment account" means an account established
31 pursuant to section 45-858.01 for a groundwater replenishment district.

1 15. "Recipient" means a person who receives in lieu water for use at
2 a groundwater savings facility.

3 16. "Recoverable amount" means the amount of water, as determined by
4 the director, that will reach the aquifer through water storage.

5 17. "Replenishment" means the storage of water or use of long-term
6 storage credits by a groundwater replenishment district to fulfill its
7 duties under title 48, chapter 27, article 3, by a multi-county water
8 conservation district to fulfill its duties under title 48, chapter 22,
9 article 4 or by an active management area water district to fulfill its
10 duties under title 48, chapter 28, article 7.

11 18. "Reserve target" has the same meaning prescribed in section
12 48-3701.

13 19. "Storage facility" means a groundwater savings facility or an
14 underground storage facility.

15 20. "Stored water" means water that has been stored or saved
16 underground pursuant to a storage permit issued under this chapter.

17 21. "Storer" means the holder of a water storage permit issued
18 pursuant to section 45-831.01 or a person to whom a water storage permit
19 has been conveyed pursuant to section 45-831.01, subsection F.

20 22. "TREATED PROCESS WATER" MEANS GROUNDWATER THAT IS USED FOR A
21 NONIRRIGATION USE IN A FACILITY THAT MANUFACTURES FOOD AND BEVERAGE
22 PRODUCTS AND SUBSEQUENTLY IS TREATED AT THE SITE OF USE FOR STORAGE
23 PURSUANT TO THIS CHAPTER.

24 ~~22.~~ 23. "Underground storage facility" means a constructed
25 underground storage facility or a managed underground storage facility.

26 ~~23.~~ 24. "Water that cannot reasonably be used directly" means water
27 that the storer cannot reasonably put to a direct use during the calendar
28 year, including:

29 (a) Except as provided in subdivision (b) OR (j) OF THIS PARAGRAPH
30 or except for an agricultural improvement district as provided in
31 subdivision (d) OF THIS PARAGRAPH, if the storer is a municipal provider,
32 the amount of central Arizona project water that exceeds the amount of

1 mined groundwater withdrawn during the calendar year by the storer in the
2 active management area in which the storer's service area is located. If
3 the storer withdrew mined groundwater during a calendar year in which the
4 storer stored central Arizona project water underground pursuant to the
5 storage permit, the amount of central Arizona project water stored
6 underground during that year equal to the amount of mined groundwater
7 withdrawn from the active management area in which the storer's service
8 area is located shall not be credited to the storer's long-term storage
9 account but may be considered as being available for recovery by the storer
10 on an annual basis under section 45-851.01. In calculating the amount of
11 mined groundwater withdrawn by the storer from the active management area,
12 the director, at the request of the storer, shall exclude any groundwater
13 withdrawn, treated and delivered for direct use as part of a remedial
14 action undertaken pursuant to CERCLA or title 49, chapter 2,
15 article 5. For the purposes of this subdivision, "mined groundwater" and
16 "municipal provider" have the same meanings prescribed in section 45-561.

17 (b) If the storer is a municipal provider that has been designated
18 as having an assured water supply pursuant to section 45-576, the amount of
19 central Arizona project water that exceeds the amount of deficit
20 groundwater withdrawn during the calendar year by the storer in the active
21 management area in which the storer's service area is located. If the
22 storer withdrew deficit groundwater during a calendar year in which the
23 storer stored central Arizona project water underground pursuant to the
24 storage permit, the amount of the central Arizona project water stored
25 underground during that year equal to the amount of deficit groundwater
26 withdrawn from the active management area in which the storer's service
27 area is located shall not be credited to the storer's long-term storage
28 account but may be considered as being available for recovery by the storer
29 on an annual basis pursuant to section 45-851.01. In calculating the
30 amount of deficit groundwater withdrawn by the storer from the active
31 management area, the director, at the request of the storer, shall exclude
32 any groundwater withdrawn, treated and delivered for direct use as part of

1 a remedial action undertaken pursuant to CERCLA or title 49, chapter 2,
2 article 5. For the purposes of this subdivision, "municipal provider" has
3 the same meaning prescribed in section 45-561 and "deficit groundwater"
4 means that amount of groundwater withdrawn within an active management area
5 for delivery and use within a service area by a municipal provider in
6 excess of the amount of groundwater that may be withdrawn by the municipal
7 provider consistent with the achievement of the active management area's
8 management goals as prescribed by rules adopted by the director pursuant to
9 section 45-576.

10 (c) Except as provided in subdivision (d) **OF THIS PARAGRAPH**, if the
11 storer is not a municipal provider, the amount of central Arizona project
12 water stored in an active management area that exceeds the amount of
13 groundwater withdrawn during the calendar year by the storer in that active
14 management area. If the storer withdrew groundwater in an active
15 management area during a calendar year in which the storer stored central
16 Arizona project water underground in that active management area pursuant
17 to the storage permit, the amount of central Arizona project water stored
18 underground during that year equal to the amount of groundwater withdrawn
19 from the active management area shall not be credited to the storer's
20 long-term storage account but may be considered as being available for
21 recovery by the storer on an annual basis under section 45-851.01. For the
22 purposes of this subdivision, "municipal provider" has the same meaning
23 prescribed in section 45-561. In calculating the amount of groundwater
24 withdrawn by the storer from the active management area, the director, at
25 the request of the storer, shall exclude:

26 (i) The amount of any groundwater withdrawn, treated and delivered
27 for direct use as part of a remedial action undertaken pursuant to CERCLA
28 or title 49, chapter 2, article 5.

29 (ii) The amount of groundwater withdrawn by the storer during the
30 year for mineral extraction or metallurgical processing if the storer was
31 engaged in mineral extraction and metallurgical processing within an
32 initial active management area on or before January 1, 2011.

1 (d) The amount of central Arizona project water stored in an active
2 management area in any year after 1994 by an agricultural improvement
3 district established pursuant to title 48, chapter 17 for use at those
4 portions of electrical generating facilities that are constructed or
5 expanded after June 12, 1980, subject to both of the following:

6 (i) If groundwater was used during a year in an active management
7 area at those portions of the electrical generating facilities that were
8 owned and operated by the agricultural improvement district and that were
9 constructed or expanded after June 12, 1980, the amount of the central
10 Arizona project water stored during that year equal to the amount of the
11 groundwater withdrawn during the year for use at those portions of the
12 facilities that were owned and operated by the agricultural improvement
13 district and that were constructed or expanded after June 12, 1980 shall
14 not be credited to the agricultural improvement district's long-term
15 storage account but may be considered as being available for recovery by
16 the agricultural improvement district on an annual basis under section
17 45-851.01.

18 (ii) Long-term storage credits accrued as a result of the storage of
19 the central Arizona project water may be recovered within the active
20 management area by the agricultural improvement district only for the
21 purpose of providing central Arizona project water to electrical generating
22 facilities that were owned and operated by the agricultural improvement
23 district and only pursuant to any water requirement included in a
24 facility's certificate of environmental compatibility. Subject to section
25 45-854.01, the long-term storage credits may be assigned by the
26 agricultural improvement district only to the owner of an electrical
27 generating facility for use pursuant to any water requirement included in
28 that facility's certificate of environmental compatibility.

29 (e) Surface water made available by dams constructed or modified
30 after August 13, 1986.

1 (f) Effluent.

2 (g) If the storage facility is in an active management area, water
3 from outside the active management area that would not have reached the
4 active management area without the efforts of the storer.

5 (h) If the storage facility is outside of an active management area,
6 water from outside the groundwater basin in which the storage facility is
7 located that would not have reached the groundwater basin without the
8 efforts of the storer.

9 (i) Water that is delivered through the central Arizona project and
10 that is acquired by the Arizona water banking authority.

11 (j) TREATED PROCESS WATER.

12 ~~24.~~ 25. "Water storage" means adding water to an aquifer or saving
13 water in an aquifer pursuant to permits issued under this chapter.

14 ~~25.~~ 26. "Water storage permit" means a permit issued pursuant to
15 section 45-831.01 to store water at a storage facility.

16 Sec. 4. Section 45-832.01, Arizona Revised Statutes, is amended to
17 read:

18 45-832.01. Use of stored water

19 A. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, water that
20 has been stored pursuant to a water storage permit may be used or exchanged
21 only in the manner in which it was permissible to use or exchange the water
22 before it was stored.

23 B. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, water that
24 has been stored pursuant to a water storage permit may be used only in the
25 location in which it was permissible to use the water before it was stored.

26 C. TREATED PROCESS WATER THAT HAS BEEN STORED PURSUANT TO A WATER
27 STORAGE PERMIT MAY BE USED OR EXCHANGED BY THE STORER, OR AN AFFILIATE OR
28 SUCCESSOR OF THE STORER, FOR NONIRRIGATION USE WITHIN THE SAME GROUNDWATER
29 SUBBASIN IN WHICH THE WATER WAS STORED.

1 ~~D.~~ D. Water that has been stored pursuant to a water storage permit
2 may be used for replenishment purposes only in the active management area
3 in which the water is stored, unless the water is recovered and transported
4 to another active management area.

5 ~~D.~~ E. Stored water may be used only as follows:

6 1. The water may be recovered by the storer and used on an annual
7 basis in accordance with section 45-851.01.

8 2. The water may be credited to the storer's long-term storage
9 account, if the water meets the requirements of section 45-852.01, and the
10 long-term storage credits may be used in accordance with ~~the provisions of~~
11 this chapter.

12 3. A district that is storing water may have the stored water
13 credited to its master replenishment account, if the water would meet the
14 requirements of long-term storage credits as prescribed by section
15 45-852.01.

16 4. A conservation district that is storing water may have the stored
17 water credited to its conservation district account, if the water would
18 meet the requirements of long-term storage credits as prescribed by section
19 45-852.01.

20 5. A water district that is storing water may have the stored water
21 credited to its water district account, if the water would meet the
22 requirements of long-term storage credits as prescribed by section
23 45-852.01.

24 Sec. 5. Section 45-852.01, Arizona Revised Statutes, is amended to
25 read:

26 45-852.01. Long-term storage accounts

27 A. The director shall establish one long-term storage account for
28 each person holding long-term storage credits. The director shall
29 establish subaccounts within the long-term storage account according to
30 each active management area, irrigation non-expansion area, groundwater
31 basin or groundwater subbasin in which the person's stored water is
32 located. The long-term storage account shall be further subdivided by type

1 of water, if the person holds long-term storage credits for more than one
2 type of water.

3 B. Water stored pursuant to a water storage permit at a storage
4 facility may be credited to a long-term storage account if the director
5 determines that all of the following apply:

6 1. Either:

7 (a) The water that was stored was water that cannot reasonably be
8 used directly.

9 (b) The water was stored in a groundwater savings facility located
10 in an active management area that does not have a management goal of
11 achieving or maintaining a safe yield condition, the water was stored
12 between January 1, 2020 and December 31, 2026 and the director determines
13 that the storage assists in implementing within this state a drought
14 contingency plan for the lower basin of the Colorado River. The total
15 maximum amount that may qualify under this subdivision is fifteen thousand
16 acre-feet per year.

17 2. If the stored water was stored at a storage facility within an
18 active management area, either:

19 (a) The water would not have been naturally recharged within the
20 active management area.

21 (b) If the water was stored at a managed underground storage
22 facility that has been designated as a facility that could add value to a
23 national park, national monument or state park and the water stored is
24 effluent, the water stored is water that could have been used or disposed
25 of by the storer by means other than discharging the effluent into the
26 stream.

27 3. The stored water was not recovered on an annual basis pursuant to
28 section 45-851.01.

29 C. The director shall credit ninety-five percent of the recoverable
30 amount of stored water that meets the requirements of subsection B of this
31 section to the storer's long-term storage account, except that:

1 1. If the water was stored at a managed underground storage facility
2 that does not qualify as an existing effluent managed underground storage
3 facility and that had not been designated at the time of storage as a
4 facility that could add value to a national park, national monument or
5 state park and the water stored is effluent, the director shall credit to
6 the storer's long-term storage account fifty percent of the recoverable
7 amount of water that meets the requirements of subsection B of this
8 section. For storage of effluent in a managed underground storage facility
9 that is located in a recreational corridor channelization district
10 established pursuant to title 48, chapter 35, the director may increase the
11 storage credits earned from fifty percent to ninety-five percent if both of
12 the following apply:

13 (a) The effluent was not discharged into the stream where the
14 facility is located before the permit application for that facility was
15 filed.

16 (b) The director determines that the storage of effluent in the
17 facility will provide a greater benefit to aquifer conditions in the active
18 management area or, if outside an active management area, to the
19 groundwater basin than would accrue to the active management area or
20 groundwater basin if the effluent is used or disposed of in another manner.

21 2. If the water was stored at a groundwater savings facility and the
22 storer has not met the burden of proving that one hundred percent of the in
23 lieu water was used on a gallon-for-gallon substitute basis for
24 groundwater, the director shall credit to the storer's long-term storage
25 account only the percentage of the in lieu water that meets the
26 requirements of subsection B of this section and that was proven to the
27 director's satisfaction as being used on a gallon-for-gallon substitute
28 basis for groundwater.

29 3. The director shall credit to the storer's long-term storage
30 account ninety percent of the recoverable amount of the water that meets
31 the requirements of subsection B of this section if all of the following
32 apply:

1 (a) The stored water was central Arizona project water that
2 qualifies as water that cannot reasonably be used directly due solely to
3 the exclusion of groundwater withdrawn by the storer for mineral extraction
4 or metallurgical processing under section 45-802.01, paragraph ~~23~~ 24,
5 subdivision (c).

6 (b) The storer was engaged in mineral extraction and metallurgical
7 processing within an initial active management area on or before January 1,
8 2011.

9 (c) All exterior boundaries of the storage facility that is used to
10 store the stored water are more than twenty miles from a well owned by the
11 storer on January 1, 2012 and that well is not an exempt well and any one
12 or more of the following apply:

13 (i) The well is an existing well as defined in section 45-591,
14 paragraph 1.

15 (ii) The department has issued a permit for the well under section
16 45-599, subsection C.

17 (iii) The well was drilled pursuant to a mineral extraction and
18 metallurgical processing permit issued by the department under section
19 45-514.

20 4. Except as otherwise provided in paragraph 2 of this subsection,
21 the director shall credit to the storer's long-term storage account or
22 conservation district account one hundred percent of the recoverable amount
23 of water that meets the requirements of subsection B of this section if any
24 of the following applies:

25 (a) The water stored was effluent that was stored at a constructed
26 underground storage facility, a groundwater savings facility or a managed
27 underground storage facility that was designated at the time of storage as
28 a facility that could add value to a national park, national monument or
29 state park.

1 (b) The water was stored in an active management area and the stored
2 water is water from outside the active management area that would not have
3 reached the active management area without the efforts of the holder of the
4 long-term storage credits.

5 (c) The water was stored outside an active management area and the
6 stored water is water from outside the groundwater basin in which the water
7 was stored that would not have reached the groundwater basin without the
8 efforts of the holder of the long-term storage credits.

9 (d) The water was stored for purposes of establishing and
10 maintaining a replenishment reserve pursuant to section 48-3772,
11 subsection E.

12 (e) The water was stored for replenishment purposes pursuant to
13 section 48-3771 and credited directly to a conservation district account
14 pursuant to section 45-859.01, subsection E.

15 D. The director shall credit a person's long-term storage account by
16 the amount of long-term storage credits assigned to that person by another
17 holder of long-term storage credits pursuant to section 45-854.01.

18 E. The director shall debit the appropriate subaccount of a person's
19 long-term storage account:

20 1. One hundred percent of the amount of stored water that the holder
21 of the long-term storage credits has recovered during the calendar year
22 pursuant to the permit.

23 2. The amount of long-term storage credits that the person has
24 assigned to another person or transferred to a master replenishment
25 account, conservation district account or water district account.

26 3. If the water was stored in an active management area, the amount
27 of water during the calendar year that migrates to a location outside the
28 active management area or to a location within the active management area
29 where it cannot be beneficially used within a reasonable period of time by
30 persons other than the storer with rights to withdraw and use groundwater.

1 4. If the water was stored outside of an active management area, the
2 amount of water during the calendar year that migrates to a location
3 outside the groundwater basin in which the storage facility is located or
4 to a location in the groundwater basin where it cannot be beneficially used
5 within a reasonable period of time by persons other than the storer with
6 rights to withdraw and use groundwater.

7 5. The amount of long-term storage credits that the storer, pursuant
8 to section 45-853.01, subsection B, has applied to offset groundwater
9 withdrawn or used in excess of the storer's per capita municipal
10 conservation requirements under the second management plan.

11 6. The amount of long-term storage credits that are held by the
12 Arizona water banking authority and that the authority has chosen to
13 extinguish.

14 F. To the extent the total amount of water withdrawn by a person
15 from wells designated as recovery wells pursuant to section 45-834.01
16 during a calendar year exceeds the amount of stored water recovered by the
17 person on an annual basis pursuant to section 45-851.01 and the amount of
18 long-term storage credits recovered by the person, the excess amount of
19 water recovered shall be considered groundwater withdrawn pursuant to
20 chapter 2 of this title.

21 Sec. 6. Section 45-854.01, Arizona Revised Statutes, is amended to
22 read:

23 45-854.01. Assignability of long-term storage credits

24 A. Except as provided in **SUBSECTION D OF THIS SECTION AND** section
25 45-855.01, subsection C, the holder of long-term storage credits may assign
26 by grant, gift, sale, lease or exchange all or part of the holder's
27 long-term storage credits.

28 B. Except as provided in subsection C of this section, an assignment
29 of long-term storage credits from one person to another is valid on receipt
30 by the director of notification of the assignment in writing on a form that
31 is provided by the director and that has been signed by both the assignor
32 and assignee.

1 C. The director may reject and invalidate any assignment of
2 long-term storage credits in which the stored water would not have met the
3 requirements for long-term storage credits as prescribed by section
4 45-852.01 if the assignee had stored the water.

5 D. LONG-TERM STORAGE CREDITS CREATED THROUGH THE STORAGE OF TREATED
6 PROCESS WATER MAY ONLY BE ASSIGNED TO AN AFFILIATE OR SUCCESSOR OF THE
7 STORER OF THAT TREATED PROCESS WATER.

8 Sec. 7. Effective date

9 Section 45-802.01, Arizona Revised Statutes, as amended by Laws 2019,
10 chapter 1, section 10 and this act, is effective from and after
11 December 31, 2024."

12 Amend title to conform

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